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THOMAS M. DOWNS
ATTORNEY-AT-LAW

DIRECT DIAL
(202)424-7523

June 25, 1993

VIA TELECOPY
AND CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

Mr. David A. Bacharowski
Environmental Specialist IV
California Regional Water Quality
Control Board - Los Angeles Region
101 Centre Plaza Drive
Monterrey Park, CA 91754-2156

Re: Well Investigation Program

Dear Mr. Bacharowski:

We are writing on behalf of Pacific Airmotive Corporation ("PAC") regarding the above-referenced matter. At our meeting with you and the other Regional Water Quality Control Board representatives last month, we agreed to review certain additional information you identified and to advise you by June 25 whether PAC will agree to conduct the soil gas investigation that the Regional Board has requested. We also agreed to advise you whether PAC will continue the groundwater monitoring program at PAC's facility. After reviewing the legal, scientific and cost aspects of the additional investigative measures you have requested, PAC has decided not to undertake the requested measures at this time, and to pursue its appeal of the Regional Board's directive.

PAC's decision not to undertake the requested measures is based on its conclusion that, in order to require the soil gas investigation and continued groundwater monitoring, the Regional Board must have a reasonable basis to believe that PAC has discharged waste into surface or ground water. The legislative history and case law of the Porter-Cologne Act are quite clear that the Board's authority extends only to activities having an impact on the quality of waters in the state. A review of the exhaustive soil data that has been collected at the PAC facility can lead to only one conclusion -- that there is no basis on which it could be concluded that contaminants in surficial soils at the PAC facility have migrated or will migrate to the groundwater.

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We further note that, based on recent discussions with your staff, Kennedy/Jenks has determined that the requested soil gas and groundwater monitoring measures are likely to cost well in excess of \$100,000, a sum significantly higher than the sum that was estimated at the time PAC filed its appeal with the State Board. This significantly higher cost estimate lends further support to PAC's conclusion that the costs of the measures being required are not reasonable in light of the value of the data to be obtained, as required by section 13267(b) of the Water Code.

Please call either of us if you have any questions regarding the foregoing.

Sincerely,



Thomas M. Downs
Jerome C. Muys, Jr.

cc: Mr. Roy Sakaida
Mr. Yue Rong